

## Message Text

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ACTION ARA-20

INFO OCT-01 EUR-25 ISO-00 NIC-01 FPC-01 EB-11 COME-00

CIAE-00 DODE-00 INR-10 NSAE-00 PA-04 RSC-01 USIA-15

PRS-01 SP-03 L-03 SS-20 NSC-07 OMB-01 AID-20 FEA-02

TRSE-00 SCI-06 DRC-01 /153 W  
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R 302044Z APR 74

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 6429

INFO AMEMBASSY MOSCOW

AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: ETRD, ENRG, AR, UY

SUBJECT: USSR WINS BID FOR SALTO GRANDE TURBINES AND GENERATORS

REF : BUENOS AIRES 3044

BEGIN UNCLASSIFIED

1. SUMMARY: A COMMUNIQUE ISSUED BY THE SALTO GRANDE BINATIONAL HYDRO-ELECTRIC PROJECT'S MIXED TECHNICAL COMMISSION (CTM) HAS ANNOUNCED AWARD OF THE CONTRACT FOR SUPPLYING TURBINES AND GENERATORS TO THE U.S.S.R., WHICH OFFERED THE LOWEST BID.

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2. WE ARE RELIABLY INFORMED THAT THE GOU DID NOT ATTEMPT TO FORCE A SPLIT OF THE EQUIPMENT AWARD BETWEEN THE U.S.S.R. AND ANY OTHER BIDDERS, SUCH AS THE EUROPEAN-WESTINGHOUSE CONSORTIUM. INCIDENTALLY, WHILE THE ALLIS-CHALMERS BID WAS SECOND-LOWEST, WE ARE TOLD THAT THE EUROPEAN-WESTINGHOUSE BID APPEARED THE MOST ADVANTAGEOUS (AFTER THE U.S.S.R. BID) TO THE CTM BE-  
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CAUSE OF BETTER INTEREST TERMS THAN THOSE OF ALLIS-CHALMERS.

3. THE GOU AGONIZED AT LENGTH OVER THE RISKS AND ADVANTAGES OF ACCEPTING THE SOVIET BID. APPARENTLY, THE GOA WAS READY TO ACCEPT IT SOONER. AMERICAN TECHNICIANS BROUGHT IN BY CONSULTING ENGINEERS CHARLES T. MAIN ADVISED THE CTM TO ACCEPT THE SOVIET OFFER, CLAIMING FUTURE REPAIR AND MAINTENANCE COULD BE PROVIDED FROM THE U.S. IF NOT AVAILABLE FROM THE U.S.S.R. (OR IF WITHHELD BY THE U.S.S.R. FOR POLITICAL REASONS). THE SOVIETS PROMISED TO HAVE AN ITALIAN FIRM INSTALL THE MACHINERY AND TO BRING IN NO MORE THAN SIX OF THEIR OWN TECHNICIANS AT ANY ONE TIME. FINALLY, THE SOVIET BID--ALREADY SOME US\$30 MILLION CHEAPER THAN THE NEXT LOWEST, AND CARRYING RELATIVELY EASY CREDIT TERMS--WAS FURTHER SWEETENED BY THE SOVIETS' EXPRESSED WILLINGNESS TO ACCEPT PAYMENT, AT LEAST IN PART, IN URUGUAYAN AND ARGENTINE EXPORTS. IN SHORT, THE U.S. S.R. MADE THE GOU AN OFFER IT COULDN'T REFUSE.

SIRACUSA

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CONSTRUCTION EQUIPMENT, HYDROELECTRIC POWER PLANTS, PROGRAMS (PROJECTS), HONOR AWARDS, PROPOSALS (BID), COMMUNIQUE  
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**To:** STATE  
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